

**Accounting Operations & Systems Division (AOSD)  
of the Controller's Office**

**Macias Gini & O'Connell (MGO)  
Contract**

## **Macias Gini & O'Connell (MGO) Contract**

**Resolution selecting Macias Gini & O'Connell LLP as independent auditors for the Controller's Office and the separately audited departments of the City, for an amount not to exceed \$6,806,424 over a four-year contract term to commence July 1, 2023.**

## Macias Gini & O'Connell (MGO) Contract

### **Board of Supervisors Approval Needed**

The Board of Supervisors pursuant to Charter, Section 2.115, selects the independent auditor to perform the annual financial audit of the Controller's books.

### **Competitive Bid Process**

In July 2022, the City selected MGO as the highest qualified scorer pursuant to the RFP for the following 8 entities and areas:

- The City's Annual Comprehensive Financial Report (ACFR); General City; Zuckerberg San Francisco General Hospital and Trauma Center; Laguna Honda Hospital; Single Audit; and Other Funds – Treasure Island Development Authority (TIDA);
- San Francisco Employees' Retirement System (SFERS);
- Office of Community Investment and Infrastructure (Successor Agency to the Redevelopment Agency of the City and County of San Francisco);
- San Francisco Health Service System Other Employment Benefit Trust Fund;
- Port of San Francisco;
- San Francisco Finance Corporation;
- Various State of California Project Grants; and
- City and County of San Francisco Retiree Health Benefit Trust Fund.

# Macias Gini & O'Connell (MGO) Contract

**Not-To-Exceed Amount for 4 years: \$6,806,424.**

	For Audit of FYE 2023	For Audit of FYE 2024	For Audit of FYE 2025	For Audit of FYE 2026	For Audit of FYE 2027	
Estimated Fees	FY 2024	FY 2025	FY 2026	FY 2027	4-Yr Total	
<b>Audit Services Subtotal</b>	\$1,521,606	\$1,521,606	\$1,521,606	\$1,521,606	\$6,086,424	
<b>As-Needed Subtotal</b>	\$180,000	\$180,000	\$180,000	\$180,000	\$720,000	
<b>Total Fees</b>	\$1,701,606	\$1,701,606	\$1,701,606	\$1,701,606	\$6,806,424	

**Accounting Operations & Systems Division (AOSD)  
of the Controller's Office**

**Questions?**

Accounting Operations & Systems Division (AOSD)  
of the Controller's Office

**SUPPLEMENTAL APPENDICES**

# Macias Gini & O'Connell (MGO) Contract

## Competitive Bid Process

The selection was the result of a competitive process in which a Request for Proposals (RFP) was issued that notified the public a contract would be awarded with an original term of up to four (4) years and an option to extend the term for up to three (3) additional years for a total of seven (7) years. For this RFP, public notifications were issued soliciting interest, including outreach to Local Business Enterprises. We obtained Civil Service Commission approval with union notifications of our intent to contract out these services. The RFP was published in March 2022. Following the proposal due date, we conducted written proposal evaluations and oral interview panels composed of a broad range of City department representatives for the audit service groups.

# Macias Gini & O'Connell (MGO) Contract

## Competitive Bid Process (200 Points Total)

<b>WRITTEN PROPOSAL</b>	<b>100 Points</b>
Proposer Firm Qualifications	30 Points
Proposer Staffing	30 Points
Approach & Cost	30 Points
Quality of Proposal Submission	10 Points
<b>ORAL INTERVIEWS</b>	<b>100 Points</b>



## Macias Gini & O'Connell (MGO) Contract

The MGO agreement shall cover 4 years	\$6,806,424
<u>Option to extend for up to 3 additional years</u>	<u>\$5,384,223</u>
Not To Exceed For 7 years	\$12,190,647

A future BOS Resolution must be authorized if exercise 3-year option-to-extend.

	Initial Term (4 years)					4-Yr Total	Option To Extend (3 years)			3-Yr Option to Extend	7-Year Total
	For Audit of FYE 2023	For Audit of FYE 2024	For Audit of FYE 2025	For Audit of FYE 2026	For Audit of FYE 2027		For Audit of FYE 2027	For Audit of FYE 2028	For Audit of FYE 2029		
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028		FY 2029	FY 2030			
Audit Services Subtotal	\$1,521,606	\$1,521,606	\$1,521,606	\$1,521,606	\$6,086,424	\$1,567,254	\$1,614,271	\$1,662,698	\$4,844,223	\$10,930,647	
As Needed Services	\$180,000	\$180,000	\$180,000	\$180,000	\$720,000	\$180,000	\$180,000	\$180,000	\$540,000	\$1,260,000	
<b>Total Fees</b>	<b>\$1,701,606</b>	<b>\$1,701,606</b>	<b>\$1,701,606</b>	<b>\$1,701,606</b>	<b>\$6,806,424</b>	<b>\$1,747,254</b>	<b>\$1,794,271</b>	<b>\$1,842,698</b>	<b>\$5,384,223</b>	<b>\$12,190,647</b>	

# Macias Gini & O'Connell (MGO) Contract

## 4-Year Rate Lock and 3% Annual Increase (if exercise 3-Year Option To Extend)

The MGO contract shall cover 4 years (\$6,806,424) with an additional option to extend for up to 3 additional years (\$5,384,223). If the City chooses to execute the maximum allowable option to extend clauses, then the total MGO contract for the 7 years has a not-to-exceed amount of \$12,190,647.

Over the possible 7-year term, the Controller's Office successfully negotiated MGO fees that will have a locked in rate for the first 4 years, and then a 3% annual increase for the 3-year option-to-extend.

	Initial Term (4 years)					Option To Extend (3 years)				
	For Audit of FYE 2023	For Audit of FYE 2024	For Audit of FYE 2025	For Audit of FYE 2026		For Audit of FYE 2027	For Audit of FYE 2028	For Audit of FYE 2029	3-Yr Option to Extend	7-Year Total
	FY 2024	FY 2025	FY 2026	FY 2027	4-Yr Total	FY 2028	FY 2029	FY 2030		
<b>Audit Services Subtotal</b>	\$1,521,606	\$1,521,606	\$1,521,606	\$1,521,606	\$6,086,424	\$1,567,254	\$1,614,271	\$1,662,698	\$4,844,223	\$10,930,647
<b>As Needed Services</b>	\$180,000	\$180,000	\$180,000	\$180,000	\$720,000	\$180,000	\$180,000	\$180,000	\$540,000	\$1,260,000
<b>Total Fees</b>	\$1,701,606	\$1,701,606	\$1,701,606	\$1,701,606	\$6,806,424	\$1,747,254	\$1,794,271	\$1,842,698	\$5,384,223	\$12,190,647
<b>% Increase</b>	0%	0%	0%	0%		3%	3%	3%		



## Macias Gini & O'Connell (MGO) Contract

### Rate Lock For First Four Years

In order to take advantage of cost discounts and to reduce the administrative overhead of requesting amendments annually, the AOSD Division of the Controller's Office negotiated the Agreement to cover four (4) years, with the option to extend up to an additional three (3) years.

Over the possible 7-year term, the Controller's Office successfully negotiated MGO fees that will have a locked in rate for the first four (4) years, and then a 3% annual increase for the three (3) year option-to-extend. MGO stated that their firm had the capability to offer the City these highly competitive rates due to the efficiencies achieved in providing audit services across the eight (8) Groups of services listed above.

The \$180,000 annual budget for As-Needed Auditing Services is necessary in order to provide contingency funds for unanticipated audit needs arising from potential accounting legislation and requirements. At this time, there is no contractual commitment for the City to incur \$180,000 annually for As-Needed Services. Strict internal controls have been placed such that funds for As-Needed Services will only be authorized with prior written approval by Carmen Le Franc, Annual Comprehensive Financial Report Manager of the City.

## Macias Gini & O'Connell (MGO) Contract

Macias, Gini & O'Connell LLP is a statewide certified public accounting and consulting firm with nine offices throughout California.

The selected firm has been determined to be sufficiently qualified, fully compliant with the City's requirements and have committed to providing 10% or more of City-awarded funds to its Contract Monitoring Division-certified Local Business Enterprise subcontractors, as applicable.

## Macias Gini & O'Connell (MGO) Contract

### **City Charter Section 2.115 Financial Audit**

The Board of Supervisors shall select a firm or firms of independent accountants to audit and report upon the annual financial statements of the City and County.

## Macias Gini & O'Connell (MGO) Contract

### City Charter Section 3.105

Pursuant to the provisions of Charter, Section 3.105, the Controller does hereby order an audit of the books and the accounts, records, and transactions of the General City, Annual Comprehensive Financial Report (ACFR); Zuckerberg San Francisco General Hospital and Trauma Center; Laguna Honda Hospital; Single Audit; and Other Funds – Treasure Island Development Authority (TIDA); San Francisco Employees' Retirement System (SFERS); Office of Community Investment and Infrastructure (Successor Agency to the Redevelopment Agency of the City and County of San Francisco); San Francisco Health Service System Other Employment Benefit Trust Fund; Port of San Francisco; San Francisco Finance Corporation; Various State of California Project Grants; and City and County of San Francisco Retiree Health Benefit Trust Fund.